

VZCZCXRO2995

PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #0043/01 0080115

ZNR UUUUU ZZH

P 080115Z JAN 10

FM AMEMBASSY TOKYO

TO RUEHC/SECSTATE WASHDC PRIORITY 8593  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOC/USDOC WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
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RHHMUNA/HQ USPACOM HONOLULU HI  
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RHMFIUU/USFJ //J5/J021//  
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RUAYJAA/CTF 72  
RUEHNH/AMCONSUL NAHA 0562  
RUEHFK/AMCONSUL FUKUOKA 8218  
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RUEHNAG/AMCONSUL NAGOYA 5325  
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RUCNDT/USMISSION USUN NEW YORK 8641

UNCLAS SECTION 01 OF 07 TOKYO 000043

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
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FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;  
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAQ](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

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**3) Prime Minister's Official Residence (Kantei)**

Prime Minister's schedule, January 7

NIKKEI (Page 2) (Full)

January 8, 2010

10:45 Met House of Representatives member Koichiro Ichimura at the Prime Minister's Official Residence (Kantei)

11:06 Met incoming and outgoing Supreme Court justices Masahiko

Sudo, Tatsuo Kainaka, and others  
13:01 Presented letters of appointment to Finance Minister Naoto Kan, National Strategy Minister Yoshito Sengoku, and State Minister for Science & Technology Tatsuo Kawabata; Chief Cabinet Secretary Hiroyumi Hirano also present  
14:00 Met Cabinet Intelligence Director Hideshi Mitani; followed by Deputy Chief Cabinet Secretary Kinya Takino  
15:00 Met Nippon Keidanren Honorary Chairman Jiro Nemoto  
16:13 Met State Minister for Declining Birthrate Mizuho Fukushima; followed by former Deputy Foreign Minister Hitoshi Tanaka  
18:10 Met Editorial Engineering Laboratory President Seigo Matsuoka and Deputy Chief Cabinet Secretary Koji Matsui at official residential quarters  
20:11 Dined with secretaries and others at Chinese restaurant in Nagata-cho Tameikesanno Heichinrou  
21:31 Talked to astronaut Soichi Noguchi, currently staying at International Space Station, from the Kantei  
22:03 Arrived at his official residential quarters

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4) Prime Minister Hatoyama: Futenma conclusion might be reached before May

NIKKEI (Page 2) (Full)  
January 8, 2010

Prime Minister Yukio Hatoyama yesterday commented on the issue of relocating the U.S. Marine Corps' Futenma Air Station, "It would be desirable for the issue to be resolved as quickly as possible. We are making efforts to that end, and a study committee with members from the government and ruling parties has been launched. It is now moving forward at a fast pace," indicating the possibility that his government will reach a conclusion before May, which has been set as the deadline.

5) U.S. Army staff sergeant, suspect in hit-and-run incident in Okinawa, handed over to Japanese police

TOKYO SHIMBUN (Page 27) (Abridged)  
January 8, 2010

In connection with the fatal hit-and-run incident in Yomitan Village, Okinawa, U.S. Army staff sergeant Clyde Gunn, 27, from the Torii Communication Station (in Yomitan), who on Jan. 7 was indicted by the Naha District Prosecutors Office for negligent driving resulting in death, was handed over to the Japanese authorities in accordance with the Japan-U.S. Status of Forces Agreement on the same day.

The indictment was processed at unusual speed, taking only three days after papers on Gunn were sent to the prosecutors office. With Gunn handed over to the Japanese side, the Okinawa Prefectural Police will also proceed with investigations to arrest him on the charge of violating the Road Traffic Law (hit-and-run).

According to his lawyer, Gunn said: "The windshield of my car suddenly broke when I was driving. I got out of the car to check but there was nothing. I did not think that I hit somebody. If I really hit the man, I would like to apologize to the bereaved family."

6) Okinawa governor seeks SOFA review in connection with indictment of U.S. Army soldier in hit-and-run incident

TOKYO SHIMBUN (Page 27) (Full)  
January 8, 2010

In connection with the indictment of a U.S. Army soldier for negligent driving resulting in death, Okinawa Governor Hirokazu Nakaima made the following remarks: "There are issues in the operation of the Japan-U.S. Status of Forces Agreement (SOFA) with regard to unexpected situations relating to interrogation and other matters during the investigation phase. I strongly demand a review of SOFA from the Japanese and U.S. governments."

7) Hirano denies possibility of visit to Beijing by Hatoyama

SANKEI (Page 5) (Full)  
January 8, 2010

Several news agencies have reported that the Chinese government has unofficially proposed a visit to Beijing by Prime Minister Yukio

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Hatoyama and a tour of Hiroshima by Chinese President Hu Jintao. Concerning these reports, Chief Cabinet Secretary Hirofumi Hirano said at a press conference yesterday: "I am aware of the reports, but I don't believe there is any truth to them." In reference to the possibility of Hatoyama visiting Beijing, he remarked: "At present, we are not considering that possibility at all."

8) Japan-U.S. foreign ministerial to take place in Hawaii on Jan. 12

SANKEI (Page 5) (Full)  
January 8, 2010

It was learned yesterday that the governments of Japan and the United States are now in the final stages of coordinating a foreign ministerial meeting on Jan. 12 in Hawaii to discuss such issues as the relocation of U.S. Marine Corps Air Station Futenma (in Ginowan City, Okinawa Prefecture). Foreign Minister Katsuya Okada and Secretary of State Hillary Clinton are expected to confirm that Tokyo and Washington will start talks aimed at deepening the bilateral alliance on the occasion of the 50th anniversary of the revision of the U.S.-Japan Security Treaty without waiting for the Futenma relocation issue to be resolved.

9) Chief Cabinet Secretary Hirano: Japanese government complains to New Zealand government over whaling vessel collision

SANKEI (Page 2) (Full)  
January 8, 2010

In connection with the collision between a Japanese whaling fleet vessel and a protest boat operated by the U.S.'s Sea Shepherd anti-whaling group, which advocates environmental protection, Chief Cabinet Secretary Hirofumi Hirano stated yesterday at a press conference, "The Japanese government feels it is extremely regrettable."

Hirano then said, "We strongly demanded that incidents of this nature are not to occur again," revealing that the Japanese government lodged a stern complaint to the New Zealand government because the protest boat, which was disrupting the whaling vessel's operations, is registered in New Zealand.

Hirano also expressed strong concern, saying, "Although the collision occurred (this time), we have complained repeatedly."

10) U.S. interest focused on DPJ's Ozawa during visit of LDP policy chief Ishiba

SANKEI (Page 3) (Abridged)  
January 8, 2010

Rui Sasaki in Washington

Liberal Democratic Party (LDP) Policy Research Council Chairman Shigeru Ishiba, who is on a visit to the United States, met National Security Council Senior Director for Asia Jeffrey Bader, Assistant Secretary of State Kurt Campbell, and Assistant Secretary of Defense Wallace Gregson on Jan. 6. There was a consensus on the importance of the Japan-U.S. alliance at these meetings. However, the focus of U.S. interest in the meetings was what sort of person is Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa and what is he

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thinking. This reflected the fact that the U.S. government is genuinely "very nervous" (according to a LDP Diet member

accompanying Ishiba) about the issue of the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa).

At the meetings with Ishiba on Jan. 6, the U.S. side repeatedly stressed that there is no other option than the current relocation plan, which involves the construction of a replacement facility in the coastal area of Camp Schwab in Nago City, Okinawa, since this was "a conclusion drawn after examining many options."

Commenting on Prime Minister Yukio Hatoyama's decision to defer a conclusion on the relocation site to May, Gregson pointed out that "any further delay will make it even more difficult to reach a solution." He also said, "It is regrettable that the talks on deepening the Japan-U.S. alliance (agreed upon at the Japan-U.S. summit last November) have not started," indicating his concern that the bilateral alliance relationship is not growing deeper, but has even stagnated.

According to an informed source accompanying Ishiba, many people on the U.S. side, not just senior government officials, but also think tank officials, asked questions about the extent of Ozawa's influence in the administration and the ruling parties and what sort of political ideals and policies he embraces because "Mr. Ozawa holds the power of life and death over the Hatoyama administration."

In response, Ishiba reportedly related to the U.S. officials Ozawa's statement that "the U.S. Navy's Seventh Fleet is sufficient" for the defense of Japan and his statement emphasizing the importance of the United Nations.

The U.S. government is now taking active steps in reaction to moves on the Japanese side, both in the government and the ruling and opposition parties.

11) 14 prefectoral assemblies opposed to local suffrage for foreign residents

ASAHI (Top Play) (Lead paragraph)  
January 8, 2010

Of the 47 prefectures, 14 prefectoral assemblies have adopted opinion papers opposing the planned legislation of voting rights for permanent foreign residents since the change of government last year, according to an investigation by the Asahi Shimbun. Of the 14 assemblies, seven had adopted opinion papers supporting the plan in the past. The papers were produced mainly by their Liberal Democratic Party prefectoral federations. They apparently are aiming to underscore the differences between their policies and those of the Democratic Party of Japan, bearing in mind the upcoming House of Councillors election this summer and the nationwide local elections in the spring of next year.

12) Nakasone advises Tanigaki: "Politics-and-money scandals can be effective ammunition to attack government"

YOMIURI (Page 4) (Full)  
January 8, 2010

Liberal Democratic Party President Sadakazu Tanigaki yesterday

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called on three party heavyweights who once served as prime minister, including Yasuhiro Nakasone, to extend his sincere wishes for a Happy New Year. In the meetings, he expressed his determination to launch a counterattack against the government to turn around the situation, saying: "I am determined to go into the ordinary Diet session with all my energy and grit."

In response, Nakasone advised him that a series of politics-and-money scandals, including Prime Minister Yukio Hatoyama's false donation statements, could be powerful ammunition to attack the government.

Former Prime Minister Yasuo Fukuda cited some contradictions in the Democratic Party of Japan's campaign pledges and the fiscal 2010

budget bill, as well as the issue of relocating the U.S. Marine Corps' Futenma Air Station, and then said: "Everything will depend on deliberations at the Budget Committee. I hope you will prepare a detailed strategy and thoroughly grill the government." Former Prime Minister Toshiki Kaifu also encouraged Tanigaki to exert his political influence in Diet debates.

13) Finance Minister Kan calls for weaker yen

TOKYO SHIMBUN (Top play) (Excerpts)  
January 8, 2010

Referring to the current yen exchange rate against the dollar, Finance Minister Naoto Kan said on Jan. 7 during his first press conference since taking office, "I hope to see the yen become a little weaker. Many business leaders say that the appropriate level would be in the mid-90s (against the dollar)." He continued, "I will make efforts along with the Bank of Japan (BOJ) to ensure appropriate yen exchange rates, while taking into account the impact of the exchange rate on the Japanese economy."

Finance ministers, who are charge of currency policy, are usually cautious about making statements on exchange rates because of the impact such statements have on the market. It appears that he made that statement taking into account export-oriented industries, which are suffering due to the strong yen. However, it is unusual for a finance minister to make a "verbal intervention" by referring to a specific level for the desired exchange rate.

Kan also indicated his eagerness to carry out budgetary reforms, an issue which he has been addressing since he was state minister for national policy. He said, "I would like to boost the transparency of budget implementation so that we can determine whether the budget is benefiting the people."

14) Government eyes legal liquidation for JAL'S reconstruction

YOMIURI (Top play) (Excerpts)  
January 8, 2010

Regarding the reconstruction of Japan Airlines (JAL), the government on Jan. 7 entered final coordination of views with the possibility of adopting a legal liquidation-based reconstruction plan proposed by Enterprise Turnaround Initiative Corporation (ETIC). The process involves JAL filing a petition for protection with the court under the Corporate Rehabilitation Law this month and ETIC formally placing the carrier under its control, after deciding to extend finance assistance to it. Concerned cabinet ministers, such as

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Finance Minister Kan and Transport Minister Maehara, will likely confer on the issue as early as this weekend and decide on the government's stance. The JAL reconstruction, which has suffered a number of setbacks since the launch of the Hatoyama administration in September last year, has now entered its most crucial stage.

Concerning the method of reconstructing JAL, there has been ongoing confrontation between ETIC, which has been calling for legal liquidation on one side, and JAL and its three mega banks on the other. Since there is a strong possibility that a massive amount of public money will be injected into JAL through ETIC in the reconstruction process, the government is leaning toward deciding that it would be appropriate to ensure transparency through the involvement of the courts.

15) "We will extend financial assistance to JAL, even if it becomes subject to legal liquidation," says Delta Air Lines president

NIKKEI (Page 9) (Full)  
January 8, 2010

President Edward Bastian of Delta Air Lines, an airline carrier that is seeking a business tie-up with Japan Airlines (JAL), on Jan. 7 held in Tokyo a press conference at which he said that in spite of the method of its reconstruction, his company is ready to extend financial assistance to JAL totaling over 1 billion dollars. He

said, "Even if JAL becomes subject to legal liquidation, we will assist it."

The Japanese and U.S governments in December last year reached an agreement to sign an "open skies" agreement. Whether the two carriers can obtain antitrust immunity (ATI) status is of intense interest because of the high share of Japan-U.S. routes they would command after forming a business alliance. Bastian repeated an earlier view, saying, "The U.S. government has granted ATI to companies with even higher shares."

In November last year JAL President Haruka Nishimatsu said during a press conference on JAL's financial results, "I would like to choose our business partner swiftly." However, he has not yet made a decision, because the method of JAL's reconstruction is still up in the air.

16) Government presents draft report on common global target to increase biodiversity by 2050

YOMIURI (Page 2) (Excerpt)  
January 8, 2010

With an eye on the 10th Conference of the Parties to the Convention on Biological Diversity (COP10) scheduled for October in Nagoya, the government submitted a draft report on common global targets from 2010 to the Secretariat of the conference on Jan. 6, the Environment Ministry disclosed yesterday. Focusing on the continuing loss of biodiversity for such reasons as development and the introduction of foreign species, the draft notes: "There should be richer diversity of species by 2050 than there is now."

ROOS